

ORIGINAL NEW APPLICATION



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Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF CHAPARRAL CITY WATER
COMPANY, INC., AN ARIZONA
CORPORATION, FOR APPROVAL OF AN
OFF-SITE FACILITIES HOOK UP FEE
TARIFF

DOCKET NO. W-02113A-05-

**APPLICATION FOR APPROVAL
OF OFF-SITE FACILITIES HOOK-
UP FEE TARIFF**

As required under Decision No. 68176 (September 30, 2005), Chaparral City Water Company, Inc. ("Applicant") hereby submits its Application of Approval of an Off-Site Facilities Hook-Up Fee Tariff, attached hereto as Exhibit 1.

In Decision No. 57395 (May 23, 1991), the Arizona Corporation Commission ("Commission") established a hook-up fee for Chaparral City, but ordered that a portion of the revenue generated by the hook-up fee be treated as revenue for the purpose of establishing rates and charges. During its last rate case, Chaparral City requested that hook-up fees be treated as contributions in aid of construction. No party opposed Chaparral City's request, and it was approved in Decision No. 68176. The attached Off-Site Facilities Hook-Up Fee is submitted to comply with that decision.

All amounts collected by Applicant pursuant to the Off-Site Facilities Hook-Up Fee Tariff will constitute contributions in aid of construction, and will be used solely for the purposes of constructing facilities to provide additional water production, storage, pressure, and transmission capacity to present and future developments. Therefore, the Off-Site Facilities Hook-Up Fee Tariff will not affect Applicant's operating income and, ultimately, its rate of return on rate base. In addition, all such contributions will be

1 deposited in a separate, interest-bearing account and will be used solely for the purpose
2 of constructing "backbone" facilities needed to ensure the orderly growth of water utility
3 service within Applicant's CC&N.

4 Based on the foregoing, and in the Commission's order in Decision No. 68176,
5 Applicant requests that the attached Off-Site Facilities Hook-Up Fee be promptly
6 approved. Because the filing of this tariff is a compliance matter, no hearing or notice is
7 required.

8 RESPECTFULLY SUBMITTED this 13th day of October, 2005.

9 FENNEMORE CRAIG

10 By Norm D. James
11 Norman D. James
12 Jay L. Shapiro
13 3003 North Central Ave., Suite 2600
14 Phoenix, Arizona 85012
Attorneys for Chaparral City
Water Company

15 ORIGINAL and 13 copies of the foregoing
16 delivered for filing this 13th day of October, 2005, to:

17 Docket Control
18 Arizona Corporation Commission
19 1200 W. Washington St.
Phoenix, AZ 85007

20 COPY hand-delivered this 13th day of October, 2005 to:

21 Marlin Scott, Engineer
22 Utilities Division
23 Arizona Corporation Commission
24 1200 W. Washington Street
Phoenix, Arizona 85007

25 By: Vicki Cobb
26

EXHIBIT

1

Chaparral City Water Company		Revised	SHEET NO.	
	All Service Areas	Revised	SHEET NO.	
	(Name of Service Area)			

OFF-SITE FACILITIES HOOK-UP FEE TARIFF

I. Purpose and Applicability.

The purpose of the off-site hook-up fees payable to Chaparral City Water Company ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions.

Unless the context otherwise requires, the definitions set forth in A.C.C. R14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, and may include Developers and/or Builders of new residential subdivisions.

"Company" means Chaparral City Water Company, Inc. an Arizona public service corporation.

"Main Extension Agreement" means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-Site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation, if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

ISSUED:			EFFECTIVE:	
	Month Day Year			Month Day Year
		ISSUED BY: Robert Hanford, General Manager		
		12021 North Panorama Drive, Fountain Hill,		
		Arizona, 85268		
		Decision No.		

Chaparral City Water Company		Revised	SHEET NO.	
	All Service Areas (Name of Service Area)	Revised	SHEET NO	

"Service Connection" means and includes all service connections for single-family residential or other uses, regardless of meter size.

III. Off-Site Hook-Up Fee.

For each new service connection, the Company shall collect an off-site hook-up fee derived as follows:

OFF-SITE HOOK-UP FEE TABLE		
Meter Size	Size Factor	Total Fee
5/8" x 3/4 "	1	\$2,000
3/4"	1.5	\$3,000
1"	2.5	\$5,000
1-1/2 "	5	\$10,000
2"	8	\$16,000
3"	16	\$32,000
4"	25	\$50,000
6" or larger	50	\$100,000

IV. Terms and Conditions.

(A) Assessment of One Time Off-Site Hook-Up Fee: The off-site hook-up fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge).

(B) Use of Off-Site Hook-Up Fee: Off-site hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off-site hook-up fees shall not be used for repairs, maintenance, or operational purposes.

(C) Time of Payment:

a. For those requiring a Main Extension Agreement –

In the event that the person or entity that will be constructing improvements ("Applicant", "Developer" or "Builder") is otherwise required to enter into a Main Extension Agreement, whereby the Applicant,

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Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the fees required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R14-2-406(M).

- b. For those connecting to an existing main that was installed pursuant to a Main Extension Agreement that was approved by the Arizona Corporation Commission –

In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant, Developer or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall not be entitled to any refunds.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to provide water service to any Developer or, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment has not been paid.

(F) Large Subdivision Projects: In the event that the Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Developer's or Builder's construction schedule and water service requirements.

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(G) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to this Off-Site Hook-Up Fee Tariff shall be non-refundable contributions in aid of construction.

(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Hook-Up Fee in Addition to On-Site Facilities: The off-site hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fees, or if the off-site hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Hook-Up Fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2006, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the amount of money spent from the account, the amount of interest earned on the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

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